

This file was downloaded from BI Brage,
the institutional repository (open access) at BI Norwegian Business School
<http://brage.bibsys.no/bi>

Local civil-mindedness on the internet as the basis for fundraising
segmentation: sociological, marketing determinants and the empirical
analysis

Niksa Alfirevic
University of Split

Jurica Pavicic
University of Zagreb

Matilda Dorotic
BI Norwegian Business School

Danijela Krizman Pavlovic
University of Pula

This is the accepted, refereed and final manuscript to the article published in

Economic Research - Ekonomska Istrazivanja, 28(2015)1:45-62

Publisher's version available at <http://dx.doi.org/10.1080/1331677X.2015.1022389>

Copyright policy of *Taylor & Francis*, the publisher of this journal:

'Green' Open Access = deposit of the Accepted Manuscript (after peer review but prior to publisher formatting) in a repository, with non-commercial reuse rights, with an Embargo period from date of publication of the final article. The embargo period for journals within the Social Sciences and the Humanities (SSH) is usually 18 months

<http://journalauthors.tandf.co.uk/copyright/Green-OA-AAM-embargo-periods.pdf>

Local Civil-Mindedness on the Internet as the Basis for Fundraising Segmentation: Sociological, Marketing Determinants and the Empirical Analysis¹

Nikša Alfirević

Faculty of Economics Split, Cvite Fiskovića 5, 21000 Split, Croatia, E-mail: nalf@efst.hr

Jurica Pavičić

Faculty of Economics and Business Zagreb, Trg J F Kennedy 6, 10000 Zagreb, Croatia, E-mail: jpavicic@efzg.hr

Matilda Dorotić

Handelshøyskolen BI, 0442 Oslo, Norway, E-mail: matilda.dorotic@bi.no

Danijela Križman Pavlović

University of Pula, Faculty of Economics and Tourism, Zagrebacka 30, 52100 Pula, Croatia, E-mail: dkrizman@unipu.hr

¹ We would like to express our gratitude to the anonymous peer reviewers, who helped us to formulate the final revision of the paper.

Local Civil-Mindedness on the Internet as the Basis for Fundraising Segmentation: Sociological, Marketing Determinants and the Empirical Analysis

Abstract. The purpose of this paper is to introduce a new practice, i.e. tool for online fundraising in nonprofit organizations, based on the assessment of Internet-induced local civic mindedness (INLCM) as a segmentation approach. We suggest that this novel approach to fundraising segmentation can be performed as the extension to the already existing analyses, utilizing the demographic and psychographic profiles. Based on nationally representative survey results of Croatian households, we develop an analytical procedure. It might help managers of community nonprofit organizations to target the relevant individuals by applying Internet marketing tools (such as Google Analytics) and approaches. Our analysis allows prediction of how likely it is that an individual (based on his or her demographic/psychographic profile) could be identified as INLCM (i.e. successfully targeted for fundraising efforts). Empirical results from Croatia demonstrate that such individuals do not have a lengthy Internet experience and do not use it frequently. The reported level of community belonging for these prospects is rather high, while their relevant Internet activities are related to maintaining the existing social ties and obtaining information about local organizations. It is interesting that they might be living in multi-generational households, either without their own underage children, or a single child.

Keywords: Internet, fundraising, community nonprofits, segmentation

JEL classifications: L31, M19, M31, Z13

1. Introduction and the Social Science Background

The explosive growth of the Internet and its incorporation into the daily life in contemporary societies have led to the opposing social news related to the future of citizens' involvement into involvement in many different areas of civic life, it would be important to provide their managers with a tool, which could predict whether some Internet users might be inclined to developing civic mindedness and supporting local community actions. At one hand, Internet has often been seen in contradictory terms by social science, with dichotomous views, ranging from optimistic predictions of technology as a means of empowerment and personal liberation (Rheingold, 1993), to the Foucauldian means of social surveillance (Willcocks, 2006).

This paper draws its theoretical foundations from the micro-sociological view of online social relationships, which rejects the opposing dichotomies and looks at the experiences of individuals using the information technology (Wellman & Haythornthwaite, 2002; Bakardjieva, 2003). Such a research orientation is especially compatible with the 'networked individualism' approach, suggesting that individuals are increasingly creating and using their personal social networks, instead of relying on traditional social relationships, based on neighborhoods and other physical communities (Wellman, 2002). The implication of accepting these theoretical ideas should be the parallel existence of many ideal types of sociability on the Internet, with different users demonstrating a variety of patterns of electronic communication (Bakardjieva, 2005). Individuals heavily using the electronic communication may be compensating their loss of social ties and alienation from the immediate social environment (Morahan & Schumacher, 2003). However, the networked individualism perspective posits that individuals keep adopting the new communication and socialization opportunities, according to circumstances of their current social relationships, without resorting to some prescribed patterns (Wellman & Hogan, 2004).

This theoretical position opens the opportunity for community nonprofit organizations to use the Internet, as to motivate some individuals to interact with them and secure financial support for their activities. These individuals - potential givers, may be unreachable by traditional

marketing approaches, since they may be focusing their attention to the 'online world' and online communities, or could be overwhelmed by their private and/or professional situation/activities. We refer to this new approach to fundraising segmentation for nonprofit organizations as the segmentation based on the Internet-induced local civic mindedness (INLCM).

Our proposition is supported by Shah, Kwak & Holbert (2001), who identified a weak, but significant relationship between the pattern of Internet use and the production of social capital. They found positive associations with social capital production for informational use of the Internet and negative associations for Internet use related to entertainment/recreation. Results of this, as well as similar studies (e.g. Shah, McLeod & Yoon, 2001), have dismissed a simple logic, stating that consumption of media (including the Internet) at one's home decreases the amount of time available for community interests. These results were followed by the analysis of usage patterns for different communication channels, where the Internet did not seem to 'take over' the communication over more traditional channels of communication, such as face-to-face conversations and telephone calls (Baym, Bing Zhang & Lin, 2004). Furthermore, online engagement related to local issues, as well as community access to Internet have been assessed as important resources in mobilizing local communities and securing participation and satisfaction of local community members/inhabitants (Hampton & Wellman, 2003; Dutta-Bergman, 2005).

Another study, conducted by Wellman, Quan Haase & Hampton (2001), demonstrated that the local embeddedness (up to the distance of 50 kilometers) still counts in the Internet age. Their results show that the Internet usage did not decrease the usage of other forms of communication, and proved to supplement, or even increase the involvement with local organizations. Nevertheless, no commitment to local community has been associated with the increased use of the Internet, which seems to confirm the networked individualism idea. If the Internet users are so diverse in their social practices, there might be an opportunity to apply new approaches to their segmentation. This especially applies to young people, who are well versed in using the Internet tools, but may not engaged in local community, or exposed to the local nonprofit organizations (Rheingold, 2008).

We believe that the theoretical opportunities for online fundraising should be supplemented by the empirical assessment of the demographic and psychographic variables, usually considered for nonprofit fundraising. Therefore, it is the **objective of this paper** to explore the demographic and psychographic variables, relevant for segmentation and targeting in online fundraising. Based on the empirical research, the profile of the Internet-induced local civic minded (INLCM) individuals will be suggested, for the case of Croatia. Authors hope that the information from this study will be used in the fundraising practice of Croatian nonprofits, as well as that the similar studies will be performed in other countries/regions, as well.

2. Previous Research of Segmentation in Online Fundraising ('E-philanthropy')

With advances of information technology, especially the Internet, nonprofit organizations are supposed to use them in a strategic way (Hackler & Saxton, 2007; Blery, Katsely & Tsara, 2010). Nevertheless, usage of the new Internet opportunities for marketing seems to be quite limited (Pope, Isely & Asamo Tutu, 2009). This includes deficiencies in the field of online public relations (Taylor, Kent & White, 2001; Saxton, Guo & Brown, 2007; Waters & Lord, 2009), especially in using the democratic potential of online communication (Kenix, 2008).

According to Bekkers & Viepking (2011), there are several determinants of charitable giving, including awareness of needs, solicitation by nonprofit organizations, their perceived efficacy in solving the problems (related to the funds obtained), costs (including obstacles to give) and benefits obtained by donors, donors' values, altruism, psychological benefits and social consequences of donations. Obviously, the classical approach of differentiated marketing is useful in identifying those individuals and groups, most likely to become donors, as well as the adequate fundraising tools/approaches. Out of the wide range of marketing and strategic management tools, the well-known segmentation-targeting-positioning (STP) approach is widely adopted, both in fundraising theory (Mindak & Bybee, 1971; Wind, 1978; Smith & Beik, 1982; Sargeant, Shang et al, 2010, etc.) and practice (Berger & Smith, 1997; McKinley-Floyd & Shrestha, 2008; Durango-Cohen, 2013, etc.). Classical research demonstrated that, within the charity market, demographics, lifestyle, opinions and attitudes did not influence a particular type of the nonprofit organization (Schlegelmilch & Tynan, 1989). This opened a wide opportunity for generalizability of empirical research in the field, especially as Srnka, Grohs & Ekler (2003) showed that the socio-demographic data can be useful in building the donor profiles and forecasting the fundraising performance for individual donor segments.

The reach and the influence of the new, Internet-based media in the 2000s, led to the recommendation that the Internet fundraising ('e-philanthropy') should be widely accepted and practiced (Sargeant, 2001; Hart, 2002). In addition, there is a widely held belief that young people, due to the high usage and intensive embeddedness of technology into their social world, hold a special potential for development of successful marketing relationships with nonprofit organizations (Waters, Burnett, Lamm & Lucas, 2009). This might make them a relevant segment for online fundraising, along with the busy professionals, who frequently access electronic media and have adequate financial means, but lack time to engage in local community issues.

Different aspects of e-philanthropy have been discussed in academic literature, including:

- initial experiences and good practices in online fundraising and volunteer development online, during the 1990s (Finn, 1999),
- relationship-building guidelines for online fundraising (Olsen, Keevers, Paul & Covington, 2001),
- previous donors' experience with the electronic business and their attitudes toward the asking organizations (Pollach, Treiblmaier & Floh, 2005),
- assessment of nonprofit organizations' Websites in the fundraising context (Sargeant, West & Jay, 2007),
- general guidelines on the use of the e-marketing in fundraising (Miller, 2009),
- the role of social media (Saxton & Wang, 2014) and the common online platforms for 'crowdfunding', related both to funding of profitable projects and businesses, as well as nonprofit activities/organizations (Belleflamme, Lambert & Schwienbacher, 2013; Nuwer, 2014), etc.

Although no desk research guarantees that all relevant previous research can be identified, the lack of studies, related to new segmentation criteria and approaches in online fundraising, is rather evident. A single study identified, from the field of psychology, explored the relationship between the 'offline' and 'online' philanthropy-related behavior (Eller, 2008). No inter-disciplinary studies, applying the findings of sociological analysis to the online donor behavior, or online fundraising, could be identified. We believe that the lack of previous

research supports the previously stated research objective, related to empirical exploration of variables, relevant for online fundraising segmentation and targeting.

3. Methodology of Empirical Research

The research instrument has been developed by conducting a preliminary study, based on a convenience sample of 315 university students. Multiple items, related to online communication practices, feeling of social attractiveness, identity and the social action induced by computer-mediated relationships, were included into the initial questionnaire, loosely based on the widely analyzed studies by the U.S. Pew Research center (Horrigan, 2001; Rainee, Horrigan, Wellman & Boase, 2006). This background, rather associated with the public opinion research, rather with the strict academic/theoretical background, was chosen, due to a range of reasons. Firstly, the Pew Research organizations makes publicly available both the research instruments, as well as the U.S. datasets for the majority of their research projects. In addition, B. Wellman and his research group NetLab, located at the University of Toronto², have co-operated with the Pew Research organization in the beginning of the 2000s, based on their 'networked individualism' approach (Wellman et al, 2003). The Exploratory Factor Analysis has been performed, as to explore the convergence of items, included into the initial questionnaire, into factors and to analyze the potential improvement of internal reliability, measured by Cronbach alpha, if certain items are excluded from such factors.

After the initial exploratory analysis and the exclusion of items with a low level of Cronbach alpha, five constructs have been identified. Each of those consisted of two items, except for the last dimension, which has been operationalized by four items³:

- Dimension A: usage of Internet, in order to obtain information about an organization (civic organization, political party, sports association, etc.),
- Dimension B: meeting new people and forming social ties on the Internet⁴,
- Dimension C: maintaining existing social relationships with the social actors within the country and/or the region,
- Dimension D: maintaining family ties and (re)connecting families, which is of special importance for Croatia, which has, throughout history, been characterized by high immigration rates and
- Dimension E: influence of the Internet on the relationship with the (spatially defined) local community.

The internal consistency for the entire final scale, measured by Cronbach alpha, was satisfactory and equaled 0.743, while high level consistency can be reported for dimensions A and D. The other dimensions have only somewhat acceptable level of internal consistency (see Table 1), which would not be satisfactory for the case of introducing a new theoretical concept, or a new measurement scale. Considering that this paper represents an initial attempt

² See: <http://groups.chass.utoronto.ca/netlab/> (Online).

³ All items are described in the Appendix to this paper.

⁴ It is interesting that two items have been identified as relevant for this matter, by means of exploratory statistical analysis. One of them implies that the online relationships are strengthened and shifted to the conventional social life of a respondent by supplementing the 'online' with the 'offline' social activities, which is in line with the idea of online communities as a liberating medium, as providing opportunities for meeting new people and developing new experiences. At the other hand, the other item states that some form of discomfort has been experienced, due to associating with new people over the Internet, which follows the logic of computer-mediated communities as a source of alienation.

to introduce a new tool/approach, oriented toward the use in marketing practice, the obtained results can be considered as adequate. However, the further research needs to verify the survey items and the measurement scales for our dimensions B, C and E.

In addition, selected demographics and media consumption items were included into the questionnaire, as to test the theoretical proposition on Internet as a potential source of alienation from other communicative practices and channels. From the applicative point of view, establishing the level of media consumption and substitution could be quite interesting, as to create adequate guidelines for marketing and stakeholder management practices of nonprofit organizations, targeting Internet users. A slightly adapted DAR (Day-After Recall) concept was used, by asking the respondent to identify the media used yesterday (related both to Internet, and the traditional media, such as print, TV, radio, etc.). This approach to data collection has been proved as effective in marketing (Arnold & Bird, 1982). In order to avoid accidental errors in capturing respondents' behavior, other response options, related to the usual pattern of media use, were provided, as well.

(INSERT TABLE 1 AROUND HERE)

The resulting (final) survey instrument has been administered by using face-to-face interviews with the representative sample of Croatian households (with the selected relevant items translated to English and available in Appendix to this paper). Finalized questionnaire has been administered on the probability sample of 295 respondents, by means of face-to-face interviews. Namely, both Internet users and non-users had to be included in the sampling frame, representing the general Croatian population of the Republic of Croatia. Namely, administration of the survey via Internet would imply self-selection of respondents who already have the Internet access and are motivated to participate in such a study.

Therefore, the publicly available telephone directory of the major Croatian telecom company T-HT was used as a sampling frame. Simultaneously, it served as a source of postal address information, which was required to define the starting points for the random route sampling. In order to ensure the randomness of households selected for the survey, the sampling frame was transferred to a Microsoft Excel file. By using the Excel capability for random number generation, starting points for face-to-face interviewing were randomly selected for each of six Croatian macro-regions: (a) Slavonia, (b) Central Croatia, (c) the city of Zagreb, (d) North Croatia, including Zagorje and the counties of Varaždin and Međimurje, (e) Rijeka, Primorje & Istria and (f) Dalmatia. The total number of households to be interviewed within the area has been determined in order to reflect the distribution of population within Croatian municipalities and counties, as established by last available complete census data (from 2001).

A variation of the simple sampling method – the random route sampling was used, as to ensure both a random selection of respondents and relatively low costs of data collection (since there is no revisiting involved, with interviewers being able to continue visiting additional households along the random route). This procedure involves the random selection of the starting points to be visited by an interviewer, with the selection of actual households to be visited guided by a specific set of instructions, as recommended by Crouch & Housden (2003, 154). The selector tables were based on the following instructions:

- The interviewer had to find the building located at the designated address and face the 'end' of the street, as defined by the range of house numbers, progressing toward the

highest one. Interviewing was conducted on the interviewers' right-hand side from the starting point toward the 'end' of the street.

- The interviewer was to call at every second building, in which a single, or multiple households were located. If multiple households were located in a single building, which is typical for apartment buildings in urban areas, the highest floor had to be entered first. The closest apartment to the entry point had to be visited, with the subsequent interviews taking place at every second apartment, in a clockwise direction. The procedure was to be followed on lower floors and subsequent buildings, until the number of household interviews, assigned to the interviewer on a specific route, has been completed.
- The interviewer was required to ask for the person who last had a birthday in the household. The person had to be a Croatian citizen currently residing at the specific address (i.e. uses the visited dwelling unit as a permanent residence). The respondent had to be at least 18 years old, although respondents aged between 13 and 18 were also included in the data collection, if the permission had been granted by their parents/legal guardians, who had to be physically present at the interviewing site.
- The research project had to be presented to the potential participant, along with the principles of research ethics, stating that participation in data collection is voluntary, as well as that the consent to participate can be withdrawn at any time. In addition, potential respondents were advised that no personally identifiable information will be recorded and that their responses will be used for the exclusive purpose of developing a scientific study of social behavior on the Internet. No monetary or other incentive was offered to the participant(s).

The interviewers were provided with the (randomly selected) exact address belonging to the starting points for the 'random route', which had to be visited and the standardized interviewing protocol. All obtained data were coded and transferred from paper questionnaires into the SPSS software package, which was also used for statistical analysis.

4. Empirical Results

Firstly, we wanted to analyze if there is an inclination of (at least a group of) respondents to use the Internet as an extension of their existing social networks and connections, (i.e. that the respondents' use of the Internet reflects their locally formed needs and attitudes). We measured these tendencies by using the standardized, 5-point Likert-type scales, with equidistant values, which provides methodological grounds for application of quantitative methods. The 'local embeddedness' of respondents' Internet activities was measured by items, describing their tendency to maintain existing social connections (Mean = 3.41; Stdev = 1.588) and maintain family relationships (Mean = 2.37; Stdev = 1.37). Relatively high mean values for these items might imply that some individuals are accessible as a target group to local nonprofit organizations, who could recruit them online (by using, e.g. a Facebook group, a blog, online chat, or some other Internet communication tool). Demographics of such respondents, could, in such a case, enable the nonprofit communicators to formulate their marketing messages according to the needs and special characteristics of the 'geographical' (local) community, in which the targeted Internet users reside.

At the other hand, there may be also a tendency for (at least some) respondents to use the Internet to establish completely new social relationships, focused toward transcending the existing local community and its social patterns. This has been measured by a survey item, asking about new social relationships started over the Internet (Mean = 1.48; Stdev = 1.07).

The obviously low orientation toward seeking new social relationships on the Internet seems encouraging for local/regional nonprofits. This can be confirmed by an additional item, related the usage of the Internet to obtain information about community nonprofit organizations (Mean = 3.33; Stdev = 1.328). In addition, we have directly asked respondents to assess how the Internet usage affected their civic activism in community organizations and obtained a low positive association (Mean = 1.90; Stdev = 1.331). This result is accompanied by a moderately high level of satisfaction with the quality of social interactions in local community (Mean = 3.85; Stdev = 1.288). The obtained values demonstrate the existence of a positive relationship of low strength between civic activism in local community, measured for general population. This implies that an INLCM target group could be identified by further analysis, which has been conducted by the exploratory, two-step cluster analysis, conducted by the IBM SPSS software. We opted for the simplest, two-step cluster procedure, as to ensure that the prescriptive number of clusters is not suggested to the users of our segmentation approach (as required by the K-means clustering procedure). In addition, although our data file was rather small (N=295), we wanted to ensure that the procedure is applicable to larger data files, as well, which excluded the use of the Hierarchical cluster analysis. As to describe potential segments available to marketing activities of community nonprofits, we have grouped the survey items into the following cluster dimensions (followed by a simple quantification of a dimension, based on mean values of relevant items): (a) obtaining information on local/community nonprofits on the Internet; (b) usage of the Internet to establish new social ties vs. (c) maintaining new social ties; (d) influence of the Internet to (local) civic mindedness and local community satisfaction.

(INSERT TABLE 2 AROUND HERE)

Exploratory cluster analysis has identified three separate clusters, with mean values for grouping variables presented by Table 2. The clusters, visualized by using the radar plot (see Figure 1), can be described by a range of characteristics.

(INSERT FIGURE 1 AROUND HERE)

Clusters can be described as follows:

- Cluster 1 ('lurkers')⁵ – individuals (moderately) using the Internet, with the only purpose of obtaining information;
- Cluster 2 ('cyber-introverts') - principally oriented toward maintaining existing social contacts and family ties, with low motivation to engage in new social relationships, or civic minded activities over the Internet;
- Cluster 3 ('potentially INLCM') - highly satisfied with their local community and highly civic minded, mostly interested in obtaining information about local organizations and maintaining existing social and family ties; their inclination to form new social relationships over the Internet is relatively low, but still higher than for the other two groups.

⁵ Internet users only 'looking around', without participating in social processes are often called '*lurkers*', since they reap the benefits of online interactions, without own engagement. 'Lurking' behavior is often viewed as inherently negative, due to the appreciation for interaction and voluntary social exchange in virtual communities (Preece, Nonnecke & Andrews, 2004). Soroka & Rafaeli (2006) link this notion with the semantics of the word '*lurk*' (*to lye in wait*), having, sometimes, even sinister connotations. Nevertheless, according to some estimates, from 50 to 60%, or even up to 90% of computer network users can be classified as '*lurkers*' (Soroka, Jacovi & Ur, 2003), which makes such a behavior a common place in computer-mediated environments.

In order to ensure that the members of obtained clusters diverge, according to the mean values of dimensions used for classification, we have compared those means by using the analysis of variance (ANOVA). For all dimensions, except for obtaining information about community organizations over the Internet, there are statistically significant differences among cluster means (significant at 1% level, with the only exception of local community satisfaction, where mean difference is significant at 5% level), which confirms that the clustering provides useful grounds for further empirical analysis.

(INSERT TABLE 3 AROUND HERE)

After initial exploratory research, which confirmed the opportunity for identifying a group of INLCM users, we examined the patterns of media use of those being potentially INLCM (i.e. belonging to Cluster 3), as to provide additional information on the relevant tools/approaches for their targeting. Traditional (print, radio, news & other 'non-entertainment' TV shows, entertainment TV shows) and Internet media usage were compared by using DAR approach (see Table 4 for frequency distributions).

(INSERT TABLE 4 AROUND HERE)

The majority of users, who are potentially INLCM, spend up to 3 hours on their Internet activities, but they do not seem deprived from the usage of other, more traditional media. However, long hours on the Internet do seem to reduce the amount of time, available for reading. Print media are consumed by these users only briefly, although the Internet usage is combined with extensive TV viewing.

Finally, we have performed a binary logistic regression, as to estimate the effects of different predictors on the likelihood that Internet users will belong to the INLCM group and, thus, represent a relevant segment for the online fundraising efforts.⁶ The predictors used included the following demographic and psychographic variables:

- length of Internet experience (i.e. how long has the respondent been already using the Internet),
- frequency of (daily) Internet usage,
- usage of different forms of 'social media' (i.e. virtual communities, such as social networks, blogs, online chat and/or messaging, forums, multi-player games),
- usage of different traditional media,
- reported level of local community belonging,
- reported level of satisfaction with local community,
- obtaining information on local (community) organizations over the Internet,
- tendency to establish new social contact over the Internet,
- tendency to maintain existing social contacts over the Internet,
- usage of the Internet to maintain the family ties,
- gender,
- highest level of education obtained,
- household size and number of children,
- size of the settlement in which respondents reside,

⁶ Since the responses have been reported on the standardized 5-point Likert scale, as to obtain a dichotomous variables, it was recoded. The mean/indifference point of the Likert scale, as well as the two disagreement points, were recoded as a negative outcome. Two agreement points of the Likert scale were recoded as a positive outcome.

- age and
- personal income.

This allows marketing managers of nonprofit organizations to predict how likely it is that another individual (based on his or her demographics and/or psychometric features) will be INLCM. Selected predictors (as a group) significantly contribute to prediction of the INLCM group membership ($\chi^2(25) = 80.325$ and the difference between constant-only and full model is highly significant, with $p < 0.001$). Hosmer-Lemeshow test $\chi^2(8) = 2.23$, $p = .987$, indicates good fit of the model to the data. The overall percentage of correctly classified cases is 89%. Assessment of statistical significance for predictors used in the binary logistics is provided by Table 5.

(INSERT TABLE 5 AROUND HERE)

Only several of the (potential) predictors are statistically significant: both length of Internet experience and frequency of Internet usage count. It is interesting that for every one unit increase in the length of Internet experience⁷, the odds of becoming an INLCM-based donor decreases by a factor of 0.067. Thus, extensive Internet experience makes it difficult to encourage Internet users to pay attention to their local social environment, as other concerns seem to 'take over'. The same logic can be applied to the analysis of the frequency of Internet usage, since reverse coding has been used for this survey item. Therefore, the same result applies here, as well: the increase of frequency of Internet usage actually decreases odds that a person will be INLCM-based donors, by a factor of 4.33.

This finding opens opportunities for additional analysis of the relationship between orientation toward the local community and the experience in Internet usage. The fact that Internet users do become increasingly less interested in their local community, as they continue using the Internet, should be interpreted along with their low orientation toward creating completely new social ties on the electronic networks. It seems that individual users, as their experience and frequency of Internet usage increase, actually find new ways to connect to a variety of their existing social ties and create more efficient ways to manage their personal social network. The consequence of such behavior may be a diminished interest for the community organizations and events, since individuals may find a viable alternative in interacting with their peers over the Internet. This empirical finding increasingly supports the previously discussed sociological theory of 'networked individualism' and presents a significant threat for local organizations' fundraising.

Of all specific forms of online and offline media, the only ones relevant for identifying a person as an INLCM-based donor are the chat services and consumption of radio programs. Involvement into chat rooms and other interactive online chats actually decreases the odds of becoming an INLCM-based donor. Each increase of agreement with the positively phrased survey item, recorded on the standardized, 5-point Likert scale, related to the reported level of chat service(s) usage, decreases the odds of becoming an adequate, INLCM-based fundraising target by a factor of 0.14. The chat users seem to be 'absorbed' by their new online environments and their social attractions, as to serve as adequate fundraising targets. The positive influence to INLCM of listening to radio shows is not so obvious from exploratory analysis, since a large amount of active Internet users do not consume radio as a medium at

⁷ We used the following scale to measure the Internet experience: (a) less than 6 months; (b) more than 6 months, but less than 1 year; (c) 1-2 years; (d) 2-3 years and (e) 3 or more years.

all. This could be explained by proposing that radio listening is restricted to local stations, which provide important community information, although such a proposition needs to be verified by further research.

The feelings of community belonging and Internet activities, oriented toward obtaining information on community organizations and maintaining existing social contacts over the Internet, also contribute to becoming an INLCM-based donor. Each increase of one unit of these segmenting variables (measured by the standardized, 5-point Likert scale) contributes to increased odds of becoming an INLCM-based donor. Increasing agreement with the positively phrased survey item, related to the reported level of community belonging, increases the likelihood ratio that an individual will become INLCM by as much as 13.9 times. This implies that the concept of community belonging, initially analyzed in the field of community psychology (see, e.g. McMillan & Chavis, 1986; 27. Perkins, Florin, Rich, Wandersman & Chavis, 1990; Chipuer & Pretty, 1999; etc.) should be linked to online fundraising efforts and further analyzed. Users' orientation toward maintaining the existing social ties is also important, although previously described problems, related to its measurement, require the development of the adequate measurement scale.

Another segmentation variable, relevant for online fundraising efforts of community nonprofits, is the Internet users' activity, related to obtaining information about the community organizations. Each increase of one unit of increase in the activities related to informing about community nonprofits, brings about the increase of odds ratio that an individual will become targets for INLCM-based fundraising efforts by a factor of approximately 9.95. This requires that the potential fundraising targets are presented with adequate information about the organization via online channels.

Some of the demographics, which might be expected to influence the inclination to become an INLCM-based target for online fundraising, such as age, gender, education, personal income and the type/size of settlement in which an individual resides, do not seem to be significant for the online social environments. This is especially important for community nonprofit marketing managers, who might be under impression that these demographic variables, often used in 'offline' fundraising activities (Sargeant & Shang, 2010), should be important to predict online behavior, as well. According to our empirical results household size increases the odds of becoming an INLCM-based donor (by 4.28 times per each additional household member), while the number of underage children decreases such a likelihood (although only slightly, by a factor of 0.047, for every one unit increase in family size⁸). This is a quite surprising finding, as it seems to suggest that multi-generational families, living in the same household, without, or with only one underage child, might be INLCM-based targets for online fundraising. It is difficult to explain this finding, although it might have to do with the increased number of students and early-career professionals, still living with their parents, due to economic crisis and social trends⁹. Such multi-generational households, with the younger household members still being unmarried, or without their own children, might be good targets for the INLCM-based online fundraising.

⁸ Number of children is measured on a six point scale, starting with a family without children (1), one child (2), etc., up to families with more than five children (6).

⁹ Data published in the U.K. daily newspaper *The Guardian* indicate that as much as 65% of the Croatian young people, from 18 to 29 years old, still live with their parents. (Source: <http://www.theguardian.com/news/datablog/2014/mar/24/young-adults-still-living-with-parents-europe-country-breakdown>). This trend increases throughout the European Union, although the cultural reasons make it more significant in the south-east part of the EU (Source: <http://www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/sty-young-adults.html>).

5. Assessment of Research Objectives, Limitations and Managerial Implications

In this study, a practical approach to segmenting and targeting Internet users, who might be successfully reached by online fundraising. Those users have been described as Internet-induced local civic minded (INLCM), based on a number of demographic and psychographic variables. Those include: (a) length of Internet experience, (b) frequency of Internet usage, (c) using the online chat services, (d) consuming the radio as the 'offline' medium, (e) reported level of (the existing) local community belonging, (f) obtaining information on local (community) organizations over the Internet, (g) household size and (h) number of children.

The suggested profile of Internet users to be successfully targeted by online fundraising is derived from empirical research in Croatia. Such individuals do not have a lengthy Internet experience and do not use it frequently. The reported level of community belonging for these prospects is rather high, while their relevant Internet activities are related to maintaining the existing social ties and obtaining information about local organizations. It is interesting that they might be living in multi-generational households, either without their own underage children, or with a single child.

We believe that these initial results on the Internet-induced local civic mindedness (INLCM) approach to online fundraising will be used by Croatian and regional nonprofit community organizations. Those are advised to try different preliminary fundraising campaigns, by using the suggested, INLCM-based profile. This can be achieved either by 'fine tuning' the segmentation tools, provided by the social networks themselves (e.g. Facebook Ads targeting, or Google Ads, paired with the Google Analytics tool for the nonprofit organizations' Website visitors), or by third-party apps (including Socialbakers, Tribalytics, Fiksu social, etc). However, even free tools, such as Facebook lists/groups, Google+ circles, LinkedIn filtering/groups, etc., can be used to limit the exposure of online content to well-defined user segments.

Further research will be required to verify our empirical results, related to the choice of segmenting variables and their applicability in other countries and regions. Special attention should be devoted to the development and verification of more reliable measurement scales, which currently represents the major limitation of this study. Nevertheless, we hope that this study will be useful both to social scientists, as well as to the fundraising practitioners.

References

1. Arnold, S. J., & Bird, J. B. (1982). The Day-after Recall Test of Advertising Effectiveness: A Discussion of the Issues. *Current Issues and Research in Advertising*, 5 (1), 59-68.
2. Bakardjieva, M. (2003). Virtual togetherness: an everyday-life perspective. *Media, culture & society*, 23 (3), pp. 291-313
3. Bakardjieva, M. (2005). Internet Society: The Internet in everyday life. *Computers in Human Behavior*, 19 (6), 659-671.
4. Baym, M. K., Bing Zhang, Y., & Lin, M. C. (2004): Social interactions across media: Interpersonal communication on the Internet, telephone and face-to-face. *New Media & Society*, 6 (3), 299-318.
5. Bekkers, M., & Wiepking, P. (2011). A Literature Review of Empirical Studies of Philanthropy: Eight Mechanisms That Drive Charitable Giving. *Nonprofit & Voluntary Sector Quarterly*, 40, 924-973.

6. Belleflamme, P., Lambert, T., & Schwienbacher, A. (2013). Individual crowdfunding practices, Venture Capital. *An International Journal of Entrepreneurial Finance*, 15 (4), 313-333.
7. Berger, P. D., & Smith, G. E. (1997). The effect of direct mail framing strategies and segmentation variables on university fundraising performance. *Journal of Interactive Marketing*, 11 (1), 30-43.
8. Blyer, E. K., Katseli, E., & Tsara, N. (2010). Marketing for a non-profit organization. *International Review on Public and Nonprofit Marketing*, 7 (1), 51-68.
9. Chipuer, H. M., & Pretty, G. H. (1999). A review of the Sense of Community Index – Current uses, factor structure, reliability and further development. *Journal of Community Psychology*, 27, 643-658.
10. Crouch, S., & Housden, M. (2003): *Marketing research for managers (3rd edition)*. , Oxford:Butterworth-Heinemann/Elsevier.
11. Durango-Cohen, E. J. (2013). Modeling contribution behavior in fundraising: Segmentation analysis for a public broadcasting station. *European Journal of Operational Research*, 227, 538-551.
12. Dutta Bergman, M. J. (2005). Access to the Internet in the context of community participation and community satisfaction. *New Media & Society*, 7 (1), 89-109.
13. Eller, A. (2008). Solidarity.com: Is There a Link between Offline Behavior and Online Donations? *CyberPsychology & Behavior*, 11, 611-613.
14. Finn, J. (1999). Seeking Volunteers and Contributions: An Exploratory Study of Nonprofit Agencies on the Internet. *Computers in Human Services*, 15 (4), 39-56.
15. Hackler, D., & Saxton, G. D. (2007). The Strategic Use of Information Technology by Nonprofit Organizations: Increasing Capacity and Untapped Potential. *Public Administration Review*, 67, 474-487.
16. Hampton, K., & Wellman, B. (2003). Neighboring in Netville: How the Internet Supports Community and Social Capital in a Wired Suburb. *City & Community*, 2, 277-311.
17. Hart, T. R. (2002). ePhilanthropy: using the Internet to build support. *International Journal of Nonprofit and Voluntary Sector Marketing*, 7, 353-360.
18. Horrigan, J. (2001). *Online Communities: Networks that nurture long-distance relationships and local ties*. Retrieved from: <http://www.pewinternet.org/2001/10/31/online-communities/>
19. Kenix, L. J. (2008). Nonprofit Organizations' Perceptions and Uses of the Internet. *Television & New Media*, 9, 407-428.
20. McKinley-Floyd, L., & Shrestha, S. (2008). Segmentation strategies for non-profits: mining the emerging market of 'black gold'. *Journal of Business & Industrial Marketing*, 23 (6), 416 – 428.
21. McMillan, D. W., & Chavis, D. M. (1986). Sense of community – A definition and theory. *Journal of Community Psychology*, 14, 6-23.
22. Mindak, W. A., & Bybee, H. M. (1971). Marketing's application to fundraising. *Journal of Marketing*, 35 (2), 13-18.
23. Miller, B. (2009). Community fundraising 2.0 - the future of fundraising in a networked society? *International Journal of Nonprofit and Voluntary Sector Marketing*, 14, 365-370.
24. Morahan M. J., & Schumacher, P. (2003). Loneliness and social uses of the Internet, *Computers in Human Behavior*, 19, 659-671.
25. Nuwer, R. (2014). Time to donate direct. *New Scientist*, 224 (2996), 22-28. November, 26.

26. Olsen, M., Keevers, M. L., Paul, J., & Covington, S. (2001): E-relationship development strategy for the nonprofit fundraising professional. *International Journal of Nonprofit and Voluntary Sector Marketing*, 6, 364–373.
27. Perkins, D., Florin, P., Rich, R., Wandersman, A., & Chavis, D. (1990): Participation and the social and physical environment of residential blocks – Crime and community context. *American Journal of Community Psychology*, 18, 83-115.
28. Pollach, I., Treiblmaier, H., Floh, A. (2005): Online fundraising for nonprofit organizations, The IPSI BgD Transactions on Advanced Research, 1 (2), 56-62.
29. Pope, J. A., Isely, E. S., & Tutu, F. A. (2009). Developing a Marketing Strategy for Nonprofit Organizations: An Exploratory Study. *Journal of Nonprofit & Public Sector Marketing*, 21, 184-201.
30. Preece, J., Nonnecke, B., & Andrews, D. (2004). The top five reasons for lurking: improving community experiences for everyone. *Computers in Human Behavior*, 20, 201-223.
31. Rainee, L., Horrigan, J., Wellman, B., & Boase, J. (2006): *The Strength of Internet Ties*. Retrieved from: <http://www.pewinternet.org/2006/01/25/the-strength-of-internet-ties/>
32. Rheingold, H. (1993). *The Virtual Community: Homesteading on the Electronic Frontier*. Reading: Addison-Wesley.
33. Rheingold, H. (2008). Using Participatory Media and Public Voice to Encourage Civic Engagement. In: Bennett, W. L. (Ed.), *Civic Life Online: Learning How Digital Media Can Engage Youth* (pp 97-138). Cambridge (MA): MIT Press.
34. Sargeant, A. (2001). Fundraising on the Web: Opportunity or hype? *Philanthropic Fundraising*, 33, 39–58.
35. Sargeant, A., West, D. C., & Jay, E. (2007): The relational determinants of nonprofit Web site fundraising effectiveness: An exploratory study. *Nonprofit Management and Leadership*, 18, 141–156.
36. Sargeant, A., & Shang, J. (2010). *Fundraising management: analysis, planning and practice*. New York: Routledge.
37. Saxton, G. D., Guo, C., & Brown, W. A. (2007). New dimensions of nonprofit responsiveness: The application and promise of Internet-based technologies. *Public Performance and Management Review*, 31, 144-173.
38. Saxton, G. D., & Wang, L. (2014). The Social Network Effect: The Determinants of Giving Through Social Media. *Nonprofit and Voluntary Sector Quarterly*, 43, 850-868.
39. Schlegelmilch, B. B., & Tynan, A. C. (1989). The scope for market segmentation within the charity market: An empirical analysis. *Managerial and Decision Economics*, 10 (2), 127-134.
40. Shah, D. V., Kwak, N., & Holbert, R. L. (2001). 'Connecting" and 'Disconnecting" With Civic Life: Patterns of Internet Use and the Production of Social Capital. *Political Communication*, 18, 141-162.
41. Shah, D. V., McLeod, J. M., & Yoon, S. (2001). Communication, Context, and Community: An Exploration of Print, Broadcast and Internet Influences. *Communication Research*, 28, 464–506.
42. Smith, S. M., & Beik, L. L. (1982). Market segmentation for fund raisers. *Journal of the Academy of Marketing Science*, 10 (3), 208-216.
43. Soroka, V., Jacovi, M., & Ur, S. (2003). We can see you: A study of the community's invisible people through ReachOut. In: Huysman, M., Wenger, E., & Vulf, V. (Eds.): *Proceedings of International Conference on Communities and Technologies (C&T2003)* (pp. 65-79). Amsterdam: Kluwer Academic Publishers.

44. Soroka, V., & Rafaeli, S. (2006). Invisible participants: how cultural capital relates to lurking behavior. *Proceedings of the 15th international conference on World Wide Web* (pp. 163-172). New York: ACM Press.
45. Srnka, K. J., Grohs, R., & Eckler, I. (2003). Increasing Fundraising Efficiency by Segmenting Donors. *Australasian Marketing Journal*, 11 (1), 70-86.
46. Taylor, M., Kent, M. L., & White, W. J. (2001). How activist organizations are using the Internet to build relationships. *Public Relations Review*, 27, 263-284.
47. Waters, R. D., Burnet, E., Lamm, A., & Lucas, J. (2009). Engaging stakeholders through social networking: How nonprofit organizations are using Facebook. *Public Relations Review*, 35, 102-106.
48. Waters, R. D., Lord, M. (2009). Examining how advocacy groups build relationships on the Internet. *International Journal of Nonprofit and Voluntary Sector Marketing*, 14, 231-241.
49. Wellman, B. (2002). Little boxes, glocalization, and networked individualism. In M. Tanabe, P. van den Besselaar, & T. Ishida (Eds.), *Digital Cities II: Computational and Sociological Approaches* (pp. 10–25). Berlin: Springer.
50. Wellman, B., Quan-Haase, A., Boase, J., Chen, W., Hampton, K., Díaz, I., & Miyata, K. (2003). The Social Affordances of the Internet for Networked Individualism, *Journal of Computer-Mediated Communication*, 8 (3). doi: 10.1111/j.1083-6101.2003.tb00216.x
51. Wellman, B., & Hogan, B. (2004). The Immanent Internet. In: McKay, J.R. (Ed.). *Netting Citizens* (pp. 54-80). Edinburgh: St Andrew's Press.
52. Wellman, B., Quan Haase, A., Witte, J., & Hampton, K. (2001). Does the Internet Increase, Decrease, or Supplement Social Capital? Social Networks, Participation and Community Commitment. *American Behavioral Scientist*, 45, 436-455.
53. Willcocks, L. P. (2006). Michel Foucault in the Social Study of ICTs: Critique and Reappraisal. *Social Science Computer Review*, 24 (3), 274-295.
54. Wind, Y. (1978). Issues and Advances in Segmentation Research. *Journal of Marketing Research*, 15 (3), 317-337.

Appendix: Selected items from the final research survey (translated to English)

Please, assess the following statements and circle one of the following numbers between 1 and 5. 1 means that YOU DON'T AGREE WITH THE STATEMENT AT ALL, while 5 means that you AGREE COMPLETELY WITH THE STATEMENT.

Dimension A: USAGE OF INTERNET, IN ORDER TO OBTAIN INFORMATION ABOUT AN ORGANIZATION

1. I often use the Internet, in order to get informed about a social or political organization, sport club, civil association, etc.
2. I use the Internet, in order to find out more about a social or political organization, sport club, civil association, etc., with which I have already been acquainted.

Dimension B: MEETING NEW PEOPLE AND FORMING SOCIAL TIES ON THE INTERNET

3. I start talking on the phone and meeting in person with the people I meet on the Internet.
4. I have experienced some discomforting events with the people I met on the Internet.

Dimension C: MAINTAINING EXISTING SOCIAL RELATIONSHIPS WITHIN THE COUNTRY AND/OR THE REGION

5. Most of the people I already know and with whom I keep in touch over the Internet are Croatia or the region.
6. I mostly use the Internet, in order to stay in touch with people whom I already know.

Dimension D: MAINTAINING FAMILY TIES AND (RE)CONNECTING FAMILIES

7. I often use the Internet to keep in touch with family members and relatives who live in other countries.
8. I have used the Internet to find lost family members (relatives) who live in other countries.

Dimension E: DEVELOPMENT OF RELATIONSHIPS IN LOCAL COMMUNITY

9. Since I use the Internet, I feel closer to the people in my local community.
10. Since I use the Internet, I am much more active in the organizations in my local community*.
11. I feel very close to the residents of my local community.
12. I am generally happy with my social life and the quality of social life in my local community.

* Indicates the Internet-induced local civic mindedness.

Tables

Table 1. Analysis of the internal consistency for the final survey items

	Cronbach Alpha
The entire scale	0.743
Dimension A	0.860
Dimension B	0.605
Dimension C	0.574
Dimension D	0.808
Dimension E	0.603

Source: Research results

Table 2. Results of exploratory cluster analysis as basis for nonprofit marketing segmentation

		Obtaining information on local organizations	Establishing new social contacts	Maintaining existing social contacts	Maintaining family ties	Civic mindedness	Local community satisfaction
Cluster	1	2.94	1.03	1.44	1.14	1.17	3.44
	2	2.96	1.16	4.35	2.94	1.43	3.31
	3	4.00	2.64	4.18	3.41	3.91	4.50
	Average for all clusters	3.17	1.41	3.36	2.44	1.84	3.60

Source: Research results

Table 3. Differences of means for cases belonging to final clusters (ANOVA table)

Classification dimension	Variance	Sum of Squares	df	Mean Square	F	Sig.
Obtaining information on local organizations	Between Groups	17,091	2	8.545	5,126	.007
	Within Groups	211,700	127	1.667		
	Total	228,791	129			
Establishing new social contacts	Between Groups	47,801	2	23.900	30,150	.000
	Within Groups	100,677	127	.793		
	Total	148,478	129			
Maintaining existing social contacts	Between Groups	231,965	2	115.982	154,650	.000
	Within Groups	95,246	127	.750		
	Total	327,211	129			
Maintaining family ties	Between Groups	105,891	2	52.946	29,351	.000
	Within Groups	229,095	127	1.804		
	Total	334,986	129			
Civic mindedness	Between Groups	135,194	2	67.597	90,803	.000
	Within Groups	94,544	127	.744		
	Total	229,738	129			
Local community satisfaction	Between Groups	18,206	2	9.103	5,871	.004
	Within Groups	196,908	127	1.550		
	Total	215,114	129			

Source: Research results

Table 4. Media consumption for potentially INLCM (Internet) users

		Internet	Print	Radio	News & 'non-entertainment' TV	'Entertainment TV'
DAR measurement (consumed media yesterday...)	...up to 30 minutes	22.7	52.6	22.3	31.9	5.7
	...30-60 minutes	20.2	8.0	12.3	22.0	9.0
	...60-120 minutes	21.9	0	2.7	20.4	37.1
	...120-180 minutes	12.2	0	8.4	0	32.1
	...more than 180 minutes	10.8	0	10.7	0	6.8
Did not use yesterday. although consumes regularly		8.3	3.7	0	0	5.5
Did not use yesterday. although consumes occasionally		3.9	27.4	23.8	25.7	3.9
Never consumes		0	8.4	19.9	0	0
Total		100.0	100.0	100.0	100.0	100.0

Source: Research results

Table 5. Variables included into the binary logistics equation

Predictors	B	S.E.	Wald	Df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Length of Internet experience	-2.708	1.037	6.823	1	.009	.067	.009	.509
Frequency of Internet usage	1.466	.716	4.195	1	.041	4.330	1.065	17.602
Social Networking Usage	.339	.507	.448	1	.503	1.404	.520	3.793
Blog	-.174	.608	.082	1	.774	.840	.255	2.767
Chat	-1.972	.772	6.525	1	.011	.139	.031	.632
Online messaging	.467	.465	1.007	1	.316	1.595	.641	3.967
Forums and comments	.415	.493	.707	1	.400	1.514	.576	3.981
Multiplayer games	.340	.348	.955	1	.328	1.405	.710	2.779
Newspapers usage	-.991	.592	2.802	1	.094	.371	.116	1.185
Radio usage	.975	.430	5.132	1	.023	2.650	1.140	6.158
TV news and 'non-entertainment' shows	-.273	.498	.299	1	.584	.761	.287	2.022
TV entertainment shows	-.131	.325	.162	1	.687	.877	.463	1.660
Reported level of local community belonging	2.633	.919	8.214	1	.004	13.909	2.299	84.166
Reported level of satisfaction with local community	-.781	.560	1.946	1	.163	.458	.153	1.372
Obtaining information on local (community) organizations over the Internet	2.297	.926	6.160	1	.013	9.947	1.621	61.032
Establishing new social contacts over the Internet	1.043	.913	1.303	1	.254	2.836	.474	16.985
Maintaining existing social contacts over the Internet	1.206	.504	5.721	1	.017	3.339	1.243	8.969
Maintaining family ties over the Internet	.001	.506	.000	1	.998	1.001	.371	2.700
Gender	-.298	1.115	.071	1	.789	.742	.083	6.600
Highest level of education obtained	1.581	.953	2.751	1	.097	4.860	.750	31.489
Household size	1.454	.671	4.701	1	.030	4.281	1.150	15.935
Number of children	-3.065	1.247	6.046	1	.014	.047	.004	.537
Size of settlement	-.465	.395	1.384	1	.239	.628	.289	1.363
Age	-1.266	.760	2.777	1	.096	.282	.064	1.250
Personal income	-.210	.361	.340	1	.560	.810	.400	1.643

Constant	-12.841	7.128	3.245	1	.072	.000		
----------	---------	-------	-------	---	------	------	--	--

Source: Research results

Figures

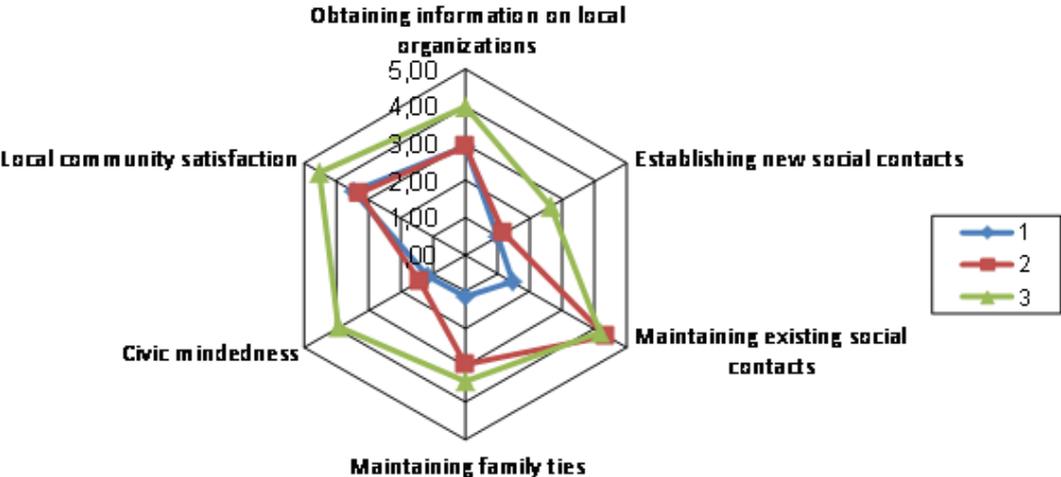


Figure 1. Visualization of exploratory cluster analysis as basis for nonprofit marketing segmentation

Source: Research results